

Utah Office of Energy Development



Notice of Loan Fund Availability (NOLFA)

ISSUE DATE: December 8, 2014

Notice of Loan Fund Availability: Pursuant to: (1) the U-Save Revolving Loan Program in accordance with the Energy Policy and Conservation Act (42 U.S.C. 6321, et seq.) as amended by the Energy Conservation and Production Act (42 U.S.C. 6326, et seq.); (2) Utah Code, Title 11, Cities, Counties, and Local Taxing Units, Chapter 45, Loan Program for Energy Efficiency Projects; and the Utah Office of Energy Development (OED) announces its Notice of Loan Fund Availability (NOLFA) for eligible interested political subdivision entities for loan assistance to perform building energy efficiency and retrofit activities.

The Utah U-Save Energy Fund (U-Save) finances energy-related cost-reduction retrofits and the incremental costs of new construction energy enhancements for publicly-owned buildings including school district, city, and county facilities. Low interest rate loans are provided to assist those institutions in financing their energy cost reduction efforts. The program's revolving loan mechanism allows borrowers to repay loans through the stream of cost savings realized from the projects.

Energy Conservation Measures (ECMs) financed through the program include, but are not limited to:

1. energy efficient lighting systems,
2. high-efficiency heating, ventilation and air conditioning systems,
3. energy management systems,
4. energy recovery systems
5. building shell improvements,
6. systems commissioning; and
7. renewable energy systems

Before entering into a U-Save loan agreement, Applicants are required to submit an Energy Assessment Report (EAR) completed by a professional engineer or have received a utility

audit from a utility regulated by the Public Service Commission of Utah. The EAR is prepared in accordance with the U-Save Technical Guidelines (see U-Save Guidebook). Applicants may also submit a Systems Commissioning Report in the case where a commissioning project meets U-Save payback requirements. The prospective Applicant selects the Engineer. There is not a prescribed format for Systems Commissioning Reports. OED must approve project descriptions and calculations contained within the EAR, audit, or the Systems Commissioning Reports before authorizing project financing.

Loan Background: Approximately \$1,000,000 in U-Save loan funds may be available for building efficiency and retrofits for this announcement. The maximum loan size is \$750,000. OED may make more than one loan award with this NOLFA announcement. The loan interest rate for this NOLFA announcement is 2.0% fixed. The loan term will be equal to the composite simple payback term for the energy efficiency measures, and must be less than twelve years, with preference given to projects with a payback of less than six years. In addition, on Energy Savings Performance Contracts, the implementation totals and the total project payback must be twelve years or less, with preference given to projects with a payback of less than six years. Applicants are encouraged to consider renewable energy technologies when evaluating ECMs. Applicants have the option of buying down specific ECMs so that paybacks can meet both the individual and composite loan term limits.

Application Summary: Applications must include a signed transmittal letter, an executive summary including a description of the project and personnel qualifications relevant to the project, a table of contents, a U-Save application, and the evaluation criteria sheet. The following program requirements must be met:

- The maximum loan amount shall not exceed \$750,000.
- The interest rate is set at 2.0%.
- The term of the loan is equal to the composite simple payback term for the energy efficiency measures, which must be less than twelve years, with preference given to projects with a payback of less than six years. The individual ECM must demonstrate a simple payback of less than the ECM's estimated useful life.
- Project expenses will be reimbursed on a "cost reimbursement" basis.
- Borrower will be required to comply with federal American Recovery and Reinvestment Act (ARRA) provisions including the Buy American Provision, Davis Bacon Act, Solid Waste Disposal Act, and, if applicable, National Environmental Policy Act, and National Historic Preservation Act. Applicants will ensure that the State Historic Preservation Office (SHPO) is consulted and OED notified for any project award that may include a building or site of historic importance. In this case, Applicant will work with OED to ensure SHPO guidance is solicited and followed to ensure that the historical significance of the building will be preserved.

Buy American Provision

http://www1.eere.energy.gov/recovery/buy_american_provision.html

Davis Bacon Act

http://www1.eere.energy.gov/wip/pdfs/dba_clauses_non_wap.pdf

National Historic Preservation Act

http://www1.eere.energy.gov/wip/pdfs/historic_preservation_program_guidance.pdf

National Environmental Policy Act

http://www1.eere.energy.gov/wip/nepa_guidance.html

- OED will conduct on-site monitoring visits prior to, during, and following construction on all projects.
- All improvements financed through U-Save shall meet minimum efficiency standards (as prescribed by applicable building energy codes). Examples of projects that are acceptable may include:
 - Building and mechanical system commissioning and optimization,
 - Energy management systems and equipment control automation,
 - High efficiency heating, ventilation and air conditioning systems, boilers, heat pumps and other heating and air conditioning projects,
 - High efficiency lighting fixtures and lamps,
 - Building Shell Improvements (insulation, adding reflective window film, radiant barriers, and cool roof.),
 - Energy Recovery Systems,
 - High efficiency pumps,
 - Systems commissioning, and
 - Renewable energy efficiency projects are strongly encouraged wherever feasible, and may include installation of distributed technology such as rooftop solar water and space heating systems, geothermal heat pumps (only closed loop systems with no greater than 10 ton capacity), or electric generation with photovoltaic or small wind and solar-thermal systems. If there are closed-loop geothermal heat pumps greater than 10 ton capacity involved, then Applicants will be responsible for further National Environmental Policy Act (NEPA) review by DOE in the event of an award. If renewable generation greater than 20 KW is involved, Applicants will be responsible for further NEPA review by DOE.

The Applicant will monitor post-retrofit energy savings to ensure that energy cost savings are being realized for four years or the life of the project. The level of monitoring may range from utility bill analysis to individual system or whole-building metering, depending on the size and types of retrofits installed

Contact: Parties interested in submitting an application should contact Teresa Pinkal, Loan Fund Manager, Utah Office of Energy Development: 60 East South Temple, 3rd Floor, Salt Lake City, Utah 84111, (801) 538-8662. Completed applications are due February 23,

2015. Application documents are available on OED's website, <http://www.energy.utah.gov/funding-incentives/energy-financing/>.

Questions and Non-Mandatory Letters of Intent: All written inquiries, questions, and Non-mandatory Letters of Intent must be received by close of business January 5, 2015. Prospective Applicants are encouraged to email non-mandatory Letters of Intent and Questions to Teresa Pinkal tpinkal@utah.gov to ensure timely receipt. On or about January 14, 2015, or as soon thereafter as practical, the Loan Fund Manager will post responses to the questions received.

Closing Date: Applications must be submitted by email to Teresa Pinkal, Loan Fund Manager, tpinkal@utah.gov. Completed applications must be received by close of business February 23, 2015. Late Applications will not be considered under any circumstances. Applicants shall be solely responsible for verifying timely receipt of applications in the Office of Energy Development.

Application Requirements & Eligibility: Applicants must meet eligibility requirements and submit a full application by email, including the U-Save Application, the Evaluation Criteria, and the Energy Assessment Report or utility audit, to be considered for loan funding.

A detailed project budget must be included with the EAR, utility audit, or Commissioning Report. The project budget should include, at a minimum, the following cost categories: labor, materials (including equipment), overhead and profit. The Loan Fund Manager may request that the report author (engineer) provide additional information or calculations. OED will establish an Evaluation Committee for the full review and evaluation of eligible applications.

Applications that meet minimum qualifications and eligibility requirements will be distributed to the members of the Evaluation Committee for review and evaluation. Evaluation criteria and relative weight for each NOLFA may vary.

The Evaluation Committee will review and individually score each written application. The Loan Fund Manager may request the engineering firm to provide additional information or calculations. The Evaluation Committee can, in its sole discretion, proceed directly to scoring and selection without the necessity of any oral interviews. If an oral interview is deemed necessary, the Evaluation Committee may ask the Applicant(s) a series of questions to clarify responses to the application.

Applicant agrees to allow OED to complete site inspections to ensure compliance with the U-Save technical guidelines or OED Performance Contracting Guidelines prior to project commencement, during construction, and upon project completion. After the project monitoring visit, OED will provide the Applicant with a copy of the On-Site Project Monitoring Report. This report will provide a general overview of project site activities

and will address issues of budget, schedule, and conformance of the work with the design documents and will make recommendations concerning any necessary changes in scope or budget.

After the final inspection, OED will provide the Applicant with a copy of the Final Monitoring Report. This report will be similar to the On-Site Project Monitoring Report. In addition, it will focus on compliance by the contractor with the "close-out" documentation requirements outlined in the bid documents. The report will verify that guarantees, warranties, releases, O&M manuals, training sessions required, etc. have been provided by the contractor. Applicant shall then certify with a written letter that materials and equipment to be replaced have been properly disposed. These materials would include, but not be limited to, light bulbs, ballasts, switches, controls, HVAC equipment, refrigerants, pumps, fans, blowers, piping, valves, conduit, wiring, and boilers. Certification shall include proper disposal of hazardous materials. All waste disposals must be conducted in compliance with local, State of Utah, and federal rules and regulations. Upon completion of the project and acceptance by OED, the Applicant will submit a Final Completion Report to OED (U-Save Technical Guidelines) and a final voucher request.

Upon review of application packets, the Fund Manager shall notify selected Applicants and negotiate the Loan Agreement. The Loan Agreement is a document that authorizes the institution to proceed with its project and includes a payment schedule for the ECMs stated in the approved EAR, utility audit or Commissioning Report. If a Loan Agreement cannot be successfully negotiated within a reasonable period of time, negotiations will be terminated, and negotiations with the next highest ranking applicant may commence. The process may continue until one or more Loan Agreements are signed or the loan offer is withdrawn. OED may at any time, upon failure of negotiations, choose to reissue or withdraw the loan offer rather than continue with negotiations.

Applicant Systems Commissioning Review Process: Systems commissioning may be part of an Energy Savings Performance Contract or a stand-alone activity. To be considered as an ECM or a stand-alone activity, the Systems Commissioning Report must be reviewed and approved by OED prior to loan execution. Commissioning activities typically include surveying, interviewing, baseline measurements and analyses, definition of problems, definition of solutions, implementing solutions, balancing, and verification measurements. Some of these steps may be repeated as necessary to optimize systems operations. In some cases system considerations extend beyond just the equipment installed under the U-Save ECMs. This is to insure that total building system effects are comprehended and optimized. Since both heating and cooling systems are usually involved in this process, optimization activities may extend over a six-month period or longer. Documentation of findings and corrections, along with recommended operating procedures should be provided by the commissioning organization.

Applicant Repayment Process: Loan repayments are due quarterly, beginning the first day of the quarter following the final loan disbursement. The amount of annual loan

repayment is defined in the loan contract which is based on the energy cost savings projected in the EAR, utility audit, or Commissioning Report. These projected savings are the basis for the loan. The dollar amount and the number of loan payments are established in the promissory note. The payments do not vary according to the actual energy savings. Payments established in the promissory note are due regardless of whether the Applicant has achieved that level of energy savings. The Applicant payback term will be equal to the EAR or Commissioning Report loan composite payback findings.

Evaluation Criteria: Applications will be evaluated under the general criteria outlined below. The Evaluation Committee will make the final decision. The Loan Fund Manager reserves the right to accept or reject any or all applications submitted. The State of Utah is not obligated to execute a loan agreement on the basis of this NOLFA. The State of Utah and its representatives will not be responsible for any costs incurred by any entity in responding to this NOLFA. The Loan Fund Manager may request additional information at any time if deemed necessary for further evaluation. General evaluation criteria are as follows and as set forth in the application instructions:

1. Is a completed Energy Assessment Report, a commissioning report, or an approved audit included with this application? (Maximum 20 points)
 - If yes, 20 points. Continue with evaluation.
 - If no, do not proceed. Project is disqualified from further loan consideration.

POINTS AWARDED

2. Is the composite simple payback for the project Energy Conservation Measures (ECMs) less than or equal to 12 years? (5 points)
 - If yes, 5 points. Continue with evaluation.
 - If no, do not proceed. Project is disqualified from further loan consideration.

POINTS AWARDED

3. Is the simple payback for each ECM less than the estimated useful life (EUL) of that measure? (0 points)
 - If yes, write "OK" in column and continue with evaluation.
 - If no, do not proceed. Project is disqualified from further loan consideration.

POINTS AWARDED

4. If the project is an Energy Savings Performance Contract (ESPC) which requires the submittal of an EAR (see question 1), is a Measurement and Verification (M+V) Plan submitted with this application? (0 points)
- Write "N/A" in column if project is not an ESPC and continue with evaluation.
 - If yes, write "OK" in column and continue with evaluation.
 - If no, do not proceed. Project is disqualified from further loan consideration.

POINTS AWARDED

5. If the project is an Energy Savings Performance Contract (ESPC), has the applicant stated that the M+V complies with International Performance Measurement and Verification Protocol (IPMVP)? (0 points)
- Write "N/A" in column if project is not an ESPC and continue with evaluation.
 - If yes, write "OK" in column and continue with evaluation.
 - If no, do not proceed. Project is disqualified from further loan consideration.

POINTS AWARDED

6. How long is the estimated simple project payback? (Maximum 20 points)
- Total project payback is 2-6 years – 20 points
 - Total project payback is 7-10 years – 10 points
 - Total project payback is 11-12 years – 5 points

POINTS AWARDED

7. How many ECMs are included in the project? (Note, the ECMs are by category (lighting, HVAC, controls, etc.) and not by location (building 1 lighting, building 2 lighting, etc.) (Maximum 15 points)
- 3 or more ECMs – 15 points
 - 2 Energy ECMs – 13 points
 - 1 Energy ECM – 10 points

POINTS AWARDED

8. Does the project incorporate renewable technologies? (Maximum 5 points)

- Yes – 5 points
- No – 0 points

POINTS AWARDED

9. Does the applicant's team have licensed professional engineers (PE) with demonstrated work experience on the design of similar projects?
- If yes, write "OK" in column and continue with evaluation.
 - If no, please provide a brief explanation of how you will satisfy the requirement to work with a licensed professional engineer. Note: An audit from a utility regulated by the Public Service Commission of Utah is acceptable in lieu of an energy analysis performed by a Utah licensed Professional Engineer.

POINTS AWARDED

10. Does the applicant's team have other team members that have demonstrated work experience on the planning and construction of similar projects?
- If yes, write "OK" in column and briefly describe the demonstrated experience.
 - If no, please provide a brief explanation of what accommodations will be made to ensure the team is successful in carrying out the project.

POINTS AWARDED

11. Does the applicant have the ability to comply with all federal compliance requirements listed below? (Maximum 15 points)
- Yes – 15 points
 - No – 0 points
 - Buy American Provision
http://www1.eere.energy.gov/recovery/buy_american_provision.html
 - Davis Bacon Act
http://www1.eere.energy.gov/wip/pdfs/dba_clauses_non_wap.pdf

- National Historic Preservation Act
http://www1.eere.energy.gov/wip/pdfs/historic_preservation_program_guidance.pdf
- National Environmental Policy Act
http://www1.eere.energy.gov/wip/nepa_guidance.html

POINTS AWARDED

12. What is the name of the county and the county population? (Maximum 20 points)
(<http://quickfacts.census.gov/qfd/states/>) where project retrofit activities will take place? County Name:_____ County Population:_____
- County population less than 10,000 – 20 points
 - County population between 10,001 to 100,000 – 15 points
 - County population greater than 100,000 – 10 points

POINTS AWARDED

TOTAL POINTS AWARDED

TOTAL POINTS AWARDED

Anticipated Schedule: The anticipated schedule of events pertaining to this NOLFA is as follows:

December 8, 2014 – Issuance of NOLFA and application documents

January 5, 2015 – Non-Mandatory Letters of Intent and Questions are due

February 23, 2015 – Applications Due by close of business

Loan Agreement Execution – as soon thereafter as practical

Issued in Salt Lake City, Utah on December 8, 2014

Teresa Pinkal

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